

Media Information  
07 May 2021

- Check against delivery -

**Statement****Dr. Nicolas Peter,****Member of the Board of Management of BMW AG, Finance****Conference Call Interim Report to 31 March 2021****Friday, 07 May 2021, 10:00 a.m. CEST**

Ladies and Gentlemen,

Good morning!

The BMW Group made a good start to the financial year 2021. Our operating result in the first quarter was at a very high level and we exceeded market expectations.

We achieved all of this despite growing headwinds from rising raw material prices and in a market environment that remains volatile due to the coronavirus pandemic.

We were also able to maintain the supply of semiconductors in the first quarter. As a result, there were no interruptions in production during the reporting period. However, the situation remains difficult.

Significantly improved pricing was a key driver for our strong Group earnings. Additionally, the positive trend of the second half-year in 2020 continued during the first quarter in all major regions of the world with over 636,000 vehicles delivered.

In particular, our electrified vehicle fleet once again proved to be an engine for growth. Our sales of electrified vehicles more than doubled from the same period of last year to over 70,000 units (2020: 30,692, +129.8%). This means

more than one in ten vehicles we sell is already electrified. This underlines the high – and steadily growing – importance of electromobility to our company.

We took advantage of the past year to make ourselves more efficient and more profitable for the long term. In addition to the better pricing I mentioned before, this includes strict management of fixed costs, a focus on controlling our inventory levels and cost-efficient personnel structures.

The company-wide Performance Programme continues to deliver important contributions to sustainable earnings growth.

Ladies and Gentlemen,

All these factors are having a positive impact on our financial figures.

Let's now take a closer look at our financial performance.

Group revenues for the first quarter of 2021 totalled around 26.8 billion euros (2020: 23.3 billion euros, +15.2%). Group earnings before tax reached 3.76 billion euros (2020: 798 million euros) and were therefore significantly higher than the previous year. The EBT margin stood at 14%.

The development in pre-owned car markets also contributed to the margin increase through higher prices for the sale of end-of-lease vehicles.

Manufacturing costs rose compared to the previous year, mainly driven by the overall increase in sales volume and the growing share of electrified vehicles. But also rising raw material prices contributed to the increase. These increases, however, were partially offset by lower risk provisioning.

These results show that we remain on track with our transformation process. Today's profitability will secure our future competitiveness. We continue to make systematic investments in important future areas of activity, such as digitisation and electrification. This year alone, two more all-electric vehicles will be released onto the market: the BMW i4 and the BMW iX – important milestones in our electromobility offensive.

Research and development expenditure was almost on a par with last year, at around 1.3 billion euros (2020: 1.34 billion euros/-2.8%). Our R&D ratio of 4.8% was lower than in 2020, due to the company's high revenues (2020: 5.7%). The ratio of capitalised development costs of 22.6% was also lower year-on-year (2020: 28.4%).

The financial result of 732 million euros for the first quarter climbed more than 1.3 billion euros from the same period of last year (2020: -577 million euros). One the one hand, this was mainly due to significantly higher earnings of 503 million euros from BMW Brilliance Automotive, which had been heavily impacted in the previous year by China's lockdown in response to the pandemic (2020: 162 million euros).

On the other hand, the other financial result improved significantly year-on-year to reach a total of 334 million euros. This was due in particular to positive valuation effects compared to the previous year.

Group liquidity increased to 20.1 billion euros in the first quarter – reflecting the strong operating result and positive free cash flow (2020: 17.8 billion euros). Over the coming months, we will bring liquidity back within our target range of 17-18 billion euros.

Ladies and Gentlemen,

Let's move on to the segments, beginning with the Automotive Segment.

The segment's EBIT margin for the first quarter was 9.8% and underlines the company's excellent performance.

The key drivers here were the improved pricing, the significant increase in sales and higher aftersales revenues. Significant growth was posted by all three BMW Group brands: BMW (+36.1%), MINI (+15.9%) and Rolls Royce (+61.8%). Rolls-Royce had its best quarter ever, selling a total of 1,380 automobiles. At BMW, in addition to the electrified vehicles, the BMW X models were especially in demand, as well as the BMW 3 Series and BMW 5 Series.

The high earnings quality is also reflected in our strong free cash flow of 2.52 billion euros (2020: -2.218 billion euros).

A key driver, in addition to the significant increase in earnings before tax, was the strict management of our working capital.

The segment's net financial assets rose significantly year-on-year to 21.3 billion euros (2020: 18.5 billion euros) due to the strong free cash flow.

Let's turn now to the Financial Services Segment.

This segment also got off to a good start this year, with around 489,000 new financing and leasing contracts concluded with retail customers during the reporting period. This represents a solid increase of 8.8% over the previous year (2020: 449,687 contracts).

The recovery in new business with retail customers can be attributed to significant growth in financing business (+15.2%).

Segment earnings before tax increased significantly to 787 million euros (2020: 484 million euros, +62.6%).

The improved result was mostly due to the positive development of the pre-owned vehicle markets, and the related improvement in the risk situation for the Segment.

In the prior-year quarter, additional risk provisioning for anticipated credit and residual value risks was needed, due to the uncertainty created by the pandemic.

Credit losses remain at a low level.

The Financial Services Segment makes comprehensive provisions for its main business risks on an ongoing basis. Current assessments confirm that residual value and credit risks are appropriately covered.

The Motorcycles Segment successfully continued its growth strategy in the first quarter. Over the past year, 13 new models were released onto the market. During the reporting period, more than 42,500 motorcycles were delivered to customers.

This is significantly more than in the same period of last year (+22.5%). The EBIT margin in this segment was 17.9% (2020: 12.9%).

Ladies and Gentlemen,

Let's take a look at our guidance for the year.

We made a strong start to 2021. Despite this, we expect to see increasing volatility and we will continuously reassess the risk situation.

The semiconductor supply situation will remain difficult, for instance. Additional headwinds are also expected due to rising raw material prices, particularly for rhodium and palladium and steel.

The volatile situation continues to affect the BMW Group's business performance.

Based on current information, we are able to confirm our guidance for 2021. The following forecast for the main key figures does not take into account possible effects in connection with the European Commission's ongoing antitrust proceedings.

We expect to see a significant increase in Group pre-tax earnings this year.

The Automotive Segment should post a solid increase in the number of BMW, MINI and Rolls-Royce vehicles delivered to customers compared to the previous year.

We expect the EBIT margin in the Automotive Segment to be at the higher end of our target range of 6 to 8%, with a significant increase in RoCE for the automotive business.

Our share of electrified vehicles in our deliveries will also continue to increase over the course of the year.

In the Financial Services Segment, we expect return on equity to be at the higher end of our target range of 12 to 15%.

In the Motorcycles Segment, we anticipate a solid increase in deliveries. The EBIT margin should be within our target range of 8 to 10% and RoCE for the segment should also be significantly higher year-on-year.

Now, let's take a look at the non-financial indicators.

The percentage of female managers at the BMW Group will increase slightly in 2021, as planned.

We will significantly reduce CO<sub>2</sub> emissions in our new vehicle fleet once again, from today's adjusted benchmark. According to the planning, CO<sub>2</sub> emissions per vehicle produced are likely to fall moderately.

Thanks to ongoing personnel restructuring measures, it should be possible to achieve the above-mentioned goals with a slightly smaller workforce size than the previous year.

Ladies and Gentlemen,

Our thinking and actions are always geared towards the long term. We are setting the right course today to achieve our short, medium and long-term goals. This applies, in particular, to our focus areas of digitalisation, electrification, and sustainability.

Our products are in demand and our operating business is performing well. For the remainder of the year, we expect a free cash flow of over four billion euros. We have the right strategy to successfully continue our transformation process based on our high profitability. And, although we expect the second half of the year to be more volatile, we are optimistic about the future.

Thank you for your attention.



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## **Consumption/emissions data:**

**BMW iX:** Power consumption in kWh/100 km: 22.5-19.5 WLTP. Data are preliminary and based on forecasts.

**BMW i4:** This is a pre-production model, no homologation figures are available yet.